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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

JENS ERIK SORENSEN, as Trustee of SORENSEN RESEARCH AND DEVELOPMENT TRUST, Plaintiff, v. EMISSIVE ENERGY CORPORATION, a Delaware Corporation; and DOES 1-100, Defendants.	CASE NO. CV 08-0234 BTM (CAB) **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF EMISSIVE ENERGY CORPORATION'S MOTION TO STAY THE LITIGATION PENDING REEXAMINATION OF U.S. PATENT NO. 4,935,184** Date: May 30, 2008 Time: 11:00 a.m. Courtroom: 15, Fifth Floor Hon. Barry T. Moskowitz NO ORAL ARGUMENT UNLESS REQUESTED BY THE COURT

I. INTRODUCTION

Defendant Emissive Energy Corporation ("Emissive"), moves to stay this action pending the on-going reexamination of expired United States Patent No. 4,935,184 (the "'184 patent"). This case is one of at least twenty related patent infringement cases[1] concerning the '184 patent that Plaintiff Jens Erik Sorensen as Trustee of Sorensen Research and Development Trust ("Sorensen") has filed in this district since this Court granted Black and Decker's motion to stay on September 10, 2007, and the PTO granted reexamination of the '184 patent on October 11, 2007.

Defendants in a number of these related cases have moved to stay their actions pending reexamination of the '184 patent. *See e.g. Sorensen v. Black and Decker*, 06CV1572; *Sorensen v. Giant International (USA) LTD.*, 07CV2121; *Sorensen v. Helen of Troy*, 07CV2278; *Sorensen v. Energizer Holdings, Inc.*, 07CV2321; and *Sorensen v. Esseplast*, 07CV2277. This Court has granted a stay in each case it has considered; no stays have been denied by this, or any other, Court.

Like those cases, this case is in its infancy. Emissive just answered the Complaint on April 14, 2008. A Case Management Conference has not been scheduled. The parties have not yet exchanged discovery or Initial Disclosures. Moreover, a stay in this action will: (1) promote judicial economy; (2) simplify the issues in question; and (3) not unduly prejudice Plaintiff. Thus, in accordance with settled law and consistent with this Court's prior decisions granting stays, a stay of this action is appropriate.

II. ARGUMENT

A. Legal Standard.

A district court possesses the discretion to stay litigation pending resolution of reexamination proceedings before the PTO. *See Landis v. N. Am. Co.*, 299 U.S. 248, 254

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[1] Pursuant to the "Low Number" Rule, Local Rule 40.1, these related cases have all been transferred to the calendar of Judge Barry Ted Moskowitz and Magistrate Judge Cathy Ann Bencivengo.

(1936); *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983); *Ethicon v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). Among the factors this Court should consider in staying this case pending reexamination are: (1) whether a stay will promote judicial economy; (2) whether a stay will simplify the issues in question and trial of the case; (3) whether a stay will unduly prejudice the non-moving party; and (4) the stage of the litigation when the stay request is made. *See, e.g.*, *Ho Keung Tse v. Apple, Inc.*, No. C 06-06573, 2007 WL 2904279, at *2 (N.D. Cal. Oct. 4, 2007); *Direct Imaging Sys., Inc.*, No. 8:05-cv-2224-T-24-TGW, 2007 WL 778633, at *2 (M.D. Fla. Mar. 12, 2007); *KLA-Tencor Corp. v. Nanometrics, Inc.*, No. C 05-03116 JSW, 2006 WL 708661, **2-5 (N.D. Cal. Mar. 16, 2006); *and Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999). Moreover, "[a] stay is particularly justified where the outcome of the reexamination would be likely to assist the court in determining patent validity and, if the claims were cancelled in the reexamination, would eliminate the need to try the infringement case." *In re Cygnus Telecomms. Tech., LLC, Patent Litig.*, 385 F. Supp. 2d 1022, 1024 (N.D. Cal. 2005).

B. A Stay Will Promote Judicial Economy.

The present case, like the *Giant*, *Helen of Troy*, *Energizer* and *Esseplast* cases, is at its inception. Neither the Court nor the parties have expended significant resources. Emissive answered the Complaint this week. Sorensen has filed motions to accelerate the deadline to identify invalidating prior art and a motion to consolidate all related cases, but no substantive proceedings have occurred. Initial Disclosures are not yet due, and no Rule 16 conference has been scheduled. A stay of the current litigation will promote judicial economy because patent claims may be cancelled or amended during the PTO's reexamination of the '184 patent. If not stayed, the Court may construe and try patent claims that may be eliminated or amended during reexamination. *See Target Therapeutics, Inc. v. SciMed Life Sys.*, 33 U.S.P.Q.2d 2022, 2023 (N.D. Cal. 1995) (without a stay, a court may waste time examining validity of claims modified or eliminated in reexamination); *Tap Pharm. Prods. v. Atrix Labs., Inc.*, No. 03 C 7822, 2004 WL 422697, at *2 (N.D. Ill. Mar. 3, 2004) (noting the PTO invalidates claims in 10% of reexaminations and amends the claims in 64% of reexaminations).

C. A Stay Will Simplify The Issues In Question And Trial Of The Case.

As stated above, the PTO's reexamination of the '184 patent may result in the cancellation of some or all of the patent claims. Accordingly, Sorensen's infringement case against Emissive may be curtailed — or precluded altogether — by the PTO's reexamination.[2]

D. Sorensen Will Not Be Unduly Prejudiced by a Stay.

Sorensen does not make or sell any products and therefore does not compete with Emissive. Thus, damages in this action, if any, will be limited to a reasonable royalty. *See Middleton, Inc. v. Minn. Mining & Mfg. Co.*, No. 4:03-CV-40493, 2004 WL 1968669, at *9 (S.D. Iowa, Aug. 24, 2004) (patentee "is not . . . selling or marketing products under its patent. Indeed, it has never done so and thus has no market to protect. Under similar circumstances, a district court found 'money damages are an adequate remedy for any delay in redress' where the patentee was not 'selling or actively licensing goods or services related to' the patent in suit.'") (citations omitted). Moreover, since the '184 patent is expired, injunctive relief will be not be available, and no further damages are accruing should Sorensen prevail on the merits.

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[2] Defendants in related cases have noted a number of additional ways in which a stay pending reexamination will simplify issues for trial. For instance, Sorensen's statements made during reexamination to distinguish prior art from the claims of the '184 patent may be relevant to the construction of surviving claims, if any. *See C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d 858, 867-69 (Fed. Cir. 2004) (citing statements made by patentee during reexamination to support the district court's claim construction and judgment of non-infringement). Additionally, the reexamination will provide the Court with the PTO's understanding of the prior art. *See Direct Imaging Sys., Inc.*, 2007 WL 778633, at *3 ("[a]stay will allow both the parties and the Court to take advantage of the PTO's expert analysis of the [patent-at-issue] and may limit or narrow the remaining issues to be litigated").

E. Emissive's Request for a Stay is Timely and Not a Dilatory Tactic.

Plainly, Emissive does not possess a dilatory motive in seeking this stay. Emissive is filing this motion concurrently with its Answer, and the discovery phase has not begun. Emissive is identically situated to the defendants that have sought and been granted stays in a number of related cases and is simply seeking the same relief that this Court has repeatedly found is warranted.

III. CONCLUSION

For the foregoing reasons, Emissive respectfully requests that this Court grant its motion and stay this litigation pending reexamination of the '184 patent.

DATED: April 14, 2008

GREENBERG TRAURIG, LLP

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CERTIFICATE OF SERVICE

I hereby certify that on April 14, 2008, I cause to be filed electronically the MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF EMISSIVE ENERGY CORPORATION'S MOTION TO STAY THE LITIGATION PENDING REEXAMINATION OF U.S. PATENT NO. 4,935,184 with the Clerk of the Court using CM/ECF system which will send notification of such filing to the e-mail addresses denoted below:

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